

## GENERAL INFORMATION

A new section of KRS Chapter 138.130 to 138.205 was created to require that every retailer or cigarette licensee with cigarette inventories shall take a physical inventory of all cigarette packages bearing Kentucky tax stamps, and all unaffixed cigarette tax stamps possessed by them or in their control at 11:59 p.m. on May 31, 2005, and pay a one-time inventory floor tax at the rate of 27 cents per pack of 20 cigarettes (proportionate rate for packs of 25). Vendors may establish the inventory of cigarettes in vending machines by (1) taking an actual physical inventory, (2) estimating the cigarettes in vending machines by reporting one-half of the normal fill capacity of the machines as reflected in individual inventory records maintained for vending machines, or (3) using a combination of these two methods.

Form 73A421, Cigarette Inventory Floor Tax, is due on or before June 10, 2005. Taxpayers may remit the payment in three equal monthly installments which would be due June 10, 2005, July 10, 2005, and August 10, 2005, or have the option of paying the tax in a one-time payment.

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## SPECIFIC INSTRUCTIONS

*File this form even if you do not have any cigarette activity. Mark yes or no in the space provided and return the top portion in the envelope provided (black border).*

Complete the top portion showing the total amount due on Line 7. If you choose to remit the entire amount in one payment, return only the top portion by June 10 in the envelope (black border) provided. Otherwise, divide the amount equally among the three payment vouchers and mail each voucher by the due dates shown. **Retain a copy for your records.**

Do not include this return or payment with your sales and use tax return due on 20th of the month or any other tax return mailed to the Department of Revenue. Your payment may not be credited to your account timely which may generate notices of tax due. Indicate on your check "cigarette inventory floor tax."

Make check payable to: Kentucky State Treasurer  
Mail to: Kentucky Department of Revenue  
Frankfort, KY 40619

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